

Message Text

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC IMMEDIATE 2157

C O N F I D E N T I A L BELGRADE 1013

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E.O. 11652: GDS

TAGS: OVIP (BIJEDIC) YO

SUBJ: ADVANCE INDICATION OF ECONOMIC SUBJECTS FOR BIJEDIC/SMOLE

SMOLE VISIT TO U.S.

1. FINANCE SECRETARIAT COUNSELOR NIKOLA JELIC HAS GIVEN US, ON ADVANCE BASIS, FOLLOWING LIST OF RECOMMENDATIONS SECRETARIAT HAS FORWARDED TO FEC MEMBER JANKO SMOLE, WHO IS COORDINATOR FOR ALL ECONOMIC ASPECTS OF BIJEDIC VISIT TO U.S.

A. ORGANIZATIONS WITH WHICH TO HAVE DISCUSSIONS: EXPORT-IMPORT BANK (BIJEDIC AND SMOLE), IMF, IBRD, TREASURY DEPT (BIJEDIC AND SMOLE), OPIC, DEPT OF STATE, DEPT OF COMMERCE, DEPT OF AGRICULTURE, PRINCIPAL NEW YORK BANKS, DOW CHEMICAL CO.

B. SUBJECT:

1) EXIM CREDITS - YUGOSLAV SIDE WOULD EXPRESS HOPE THAT COOPERATION WITH EXIM BANK OVER NEXT FIVE YEARS CAN CONTINUE ALONG LINES OF PAST FIVE YEARS, WITH EMPHASIS ON BRANCHES GIVEN PRIORITY IN YUGOSLAVIA'S LONG TERM PLANS.

2) JOINT VENTURES - YUGOSLAVS WISH TO FIND WAYS TO INCREASE NUMBER OF JOINT VENTURES SUBSTANTIALLY. A NEW LAW IS EXPECTED TO BE ADOPTED BY JUNE 30, 1975, WHICH WILL GREATLY LIBERALIZE CONDITIONS FOR TRANSFER OF PROFITS FROM JOINT VENTURES IN LESS DEVELOPED

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REGIONS OF COUNTRY (BOSNIA-HERCEGOVINA, MONTENEGRO, MACEDONIA,

KOSOVO). THE NEW LAW WILL ALSO MAKE IT EASIER TO REPATRIATE CAPITAL FROM A JOINT VENTURE WHICH HAS COME TO AN END.

SECRETARY SMOLE WOULD LIKE TO MEET WITH OP C AND DOW CHEMICAL CO. EXECUTIVES, IF POSSIBLE. HE (AND GOY) CONSIDER PROSPECTIVE DOW-INA ARRANGEMENT OF THE GREATEST IMPORTANCE FOR OVERALL US-YUGOSLAV RELATIONS -- "ANOTHER KRSKO."

3) COMERCIAL BANK CREDITS - SECRETARY SMOLE -- AND POSSIBLY THE PRIME MINISTER -- WOULD LIKE TO MEET WITH EXECUTIVES OF LEADING NEW YORK BANKS TO DISCUSS INTERBANK RELATIONS AND TO EMPHASIZE CONTINUED CREDITWORTHINESS OF YUGOSLAVIA.

4) US-YUGOSLAV COOPERATION IN LESS DEVELOPED COUNTRIES - JELIC STATED THAT BIJEDIC WOULD PRESENT GENERAL IDEAS, AND SMOLE

MORE SPECIFIC IDEAS, ON POSSIBILITIES FOR ORGANIZIANG COOPERAION BETWEEN U.S. AND YUGOSLAV FIRMS IN THIRD MARKETS, WITH EMPHASIS ON MID-EAST, AFRICA, AND SOUTH AMERICA. THIS SUBJECT WILL BE RAISED WITH EXIM BANK AND WITH DEPT OF COMMERCE. (EMBASSY REPORTED YUGOSLAV INTEREST IN THIS AREA IN BELGRADE 5434 AND A-1531.)

5) MULTILATERAL RELATIONS - "A VERY IMPORTANT ITEM ON THE AGENDA", ACCORDING TO JELIC, WILL BE TO INFORM THE U.S. SIDE OF YUGOSLAV AND NON-ALIGNED COUNTRIES' VIEWS ON THE REFORM OF THE INTERNATIONAL ECONOMIC SYSTEM, INCLUDING THE ENERGY AND RAW MATERIAL SITUATION, AND TO LEARN U.S. VIEWS. SMOLE'S ACTIVITY IN THIS AREA WOULD BE ALONG LINES OF BRIEFINGS HE SUPPLIED TO FRENCH AND OECD OFFICIALS IN PARIS LAST WEEK.

6) SALE OF YUGOSLAV BONDS - DELEGATION WILL WISH TO SOUND OUT POSSIBILITIES FOR GOING AHEAD AT THIS TIME WITH MARKETING IN U.S. OF YUGOSLAV GOVT BONDS. MARKETING WAS POSTPONED LAST YEAR BECAUSE OF THE UNFAVORABLE FINANCIAL SITUATION.

SUBJECT MATTER FOR DISCUSSIONS WITH AGRICULTURE NOT YET DECIDED.

2. JELIC SUGGESTED ANOTHER MEETING WITH EMBOFF MONDAY, MARCH 10, WHEN -- HE EXPECTS -- YUGOSLAV PLANS ON ECONOMIC TOPICS TO BE RAISED
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DURING VISIT WILL HAVE FIRMED. HE EXPRESSED HOPE WE WOULD BE ABLE TO SUPPLY INDICATIONS ON WHAT U.S. SIDE WILL WISH TO DISCUSS.

3. ACTION REQUESTED: WE WOULD APPRECIATE GUIDANCE CONCERNING RESPONSE TO JELIC.
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